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RETAILING FLORIST CROPS THROUGH MASS MERCHANDISING OUTLETS
IN FOUR WESTERN METROPOLITAN AREAS

By

Edmund Estes, Stephen Raleigh, and Jules V. Powell

Economic Research Service
U.S. Department of Agriculture

May 1977

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BIBLIOGRAPHIC DATA SHEET		1. Report No. AGERS-29	2.	3. Recipient's Accession No.																		
4. Title and Subtitle RETAILING FLORIST CROPS THROUGH MASS MERCHANDISING OUTLETS IN FOUR WESTERN METROPOLITAN AREAS		5. Report Date May 1977 6.																				
7. Author(s) Edmund Estes, Stephen Raleigh, and Jules V. Powell		8. Performing Organization Rept. No. AGERS-29																				
9. Performing Organization Name and Address Economic Research Service U.S. Department of Agriculture Washington, D.C. 20250		10. Project/Task/Work Unit No.																				
12. Sponsoring Organization Name and Address Same as Box 9		11. Contract/Grant No.																				
15. Supplementary Notes		13. Type of Report & Period Covered Final 14.																				
16. Abstracts Mass markets became important outlets for florist crops in the seventies. Surveys were made in 11 metropolitan areas to assess the growth of mass markets and the impacts on various segments of the traditional florist industry. This report presents results obtained in Oklahoma City, Phoenix, Portland, and Sacramento. Mass merchandisers expected sales of florist crops to continue to increase. Florist crops attracted more customers to a store and provided a good return on the investment. Traditional florists generally considered mass market sales to be complimentary to their sales of cut flowers and foliage plants. But they believed that mass market sales directly competed with sales of flowering potted plants.																						
17. Key Words and Document Analysis. 17a. Descriptors <table> <tbody> <tr><td>Flowers</td><td>Selling costs</td></tr> <tr><td>Plants (botany)</td><td>Horticulture</td></tr> <tr><td>Distributing</td><td>Ornamental plants</td></tr> <tr><td>Distribution costs</td><td></td></tr> <tr><td>Supplying</td><td></td></tr> <tr><td>Sales management</td><td></td></tr> <tr><td>Benefit cost analysis</td><td></td></tr> <tr><td>Product development</td><td></td></tr> <tr><td>Sales</td><td></td></tr> </tbody> </table>					Flowers	Selling costs	Plants (botany)	Horticulture	Distributing	Ornamental plants	Distribution costs		Supplying		Sales management		Benefit cost analysis		Product development		Sales	
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17c. COSATI Field/Group 02-B, 02-D																						
18. Availability Statement Available only from: National Technical Information Service, 5285 Port Royal Road, Springfield, Virginia 22161		19. Security Class (This Report) UNCLASSIFIED	21	s																		
		20. Security Class (This Page) UNCLASSIFIED	22. Price	/MF PCA04/A01																		

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FOREWORD

This study of mass merchandising florist crops in four western cities is part of a larger national study of 11 Standard Metropolitan Statistical Areas. Cornell University, the University of Florida, Purdue University, and the University of Tennessee cooperated with the Economic Research Service in the national study, each surveying selected cities. A final report incorporating data from all of the cities will be published later. The research was financed by the Economic Research Service with appropriated funds.

Flower growers, wholesale and retail florists, and mass merchandisers cooperated in this study by supplying data and other information concerning their sales volumes of ornamental products and their practices and problems in marketing these items. Researchers from each of the university experiment stations helped plan the study and analyze the results.

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HIGHLIGHTS

Mass market outlets are a relatively new and growing outlet for florist crops. The growth in sales of these crops appears to be complementary to, rather than directly competitive with, the traditional retail florist shop sales, based on a study of four medium-sized western U.S. cities surveyed by the Economic Research Service.

During the summer of 1974, questionnaires were mailed to all known flower growers, wholesale and retail florists, and all possible mass merchandisers in each selected Standard Metropolitan Statistical Area (SMSA) to determine their practices and trends in marketing florist crops. Nonrespondents were contacted by telephone. Personal interviews were conducted with all mass merchandisers--food and general merchandise, variety, department, and hardware stores--who sold at least \$1,000 worth of florist crops.

During 1971/72 to 1973/74, sales of florist crops by mass merchandisers rose from \$2.5 to \$8.5 million in the four SMSA's. Sales of retail florists rose from \$5.3 to \$6.5 million. Total florist crop sales of all firms cooperating in the study rose from \$8.1 to \$15.4 million. The share of the mass merchandisers increased to 55 percent, up from 31 percent 2 years earlier.

In the early days of mass merchandising florist crops, many of the flower and plant departments were operated under franchised or leased arrangements with local retail or wholesale florists. But by 1973/74, mass merchandisers had increased the proportion they directly controlled to 70 percent in the four cities, up from 30 percent in 1971/72.

The rapid increase in sales in mass market outlets resulted almost entirely from sales of foliage plants. Sales of flowering potted plants declined slightly in both mass market and florist outlets. Sales of cut flowers in florist shops remained steady. Few mass markets handled cut flowers.

Retail florists were surveyed to determine their opinions on the nature of mass market effects on their businesses. Most florists welcomed mass markets to the florist industry. They believed that mass marketers would expand the total market for florist crops and that consumers would continue to come to the traditional florist for their high quality, gift, and special occasion needs.

Supplies of florist crops for mass merchandisers came mainly from California. Heavy potted flowering plants and bulky, tender, bedding plants were supplied by growers within 50 miles of each SMSA more often than were cut flowers and foliage plants.

Sales patterns by days of the week and by holidays varied among the four cities. Generally, most of the nonholiday sales of florist crops by mass merchandisers were made on Friday and Saturday. Holidays had the greatest influence on sales of flowering potted plants and cut flowers. Sales of foliage plants were not affected by holidays, and sales of bedding plants occurred almost exclusively in spring and early in the summer.

Prices for florist crops sold by mass merchandisers were generally established by applying a fixed percentage markup to the delivered cost of each item. Individual firms used a wide range of percentage markups, but the average for all firms in all cities was about 40 percent. This compares with the markup of 200 to 300 percent generally used by retail florists.

Individual store managers had little leeway in establishing the initial prices for the florist crops. But they could mark down individual items to stimulate sales.

Losses of florist crops in mass merchandising outlets were surprisingly low. Most firms reported losses of less than 5 percent, except in Portland where most firms reported losses of from 5 to less than 10 percent. Very few firms reported losses of 10 percent or more.

Most mass merchandisers believed that flower and plant departments attracted customers to their stores. Flowers and plants also provided an attractive return on their investments.

Disadvantages of handling florist crops included the need for trained personnel to supervise the sale of these items and the lack of trained personnel for the jobs. Mass merchandisers need more information and sales aids from the florist industry. A primary request was for more plant labels giving the name of the plant and simple care instructions. Mass merchandisers were generally bullish about selling florist crops and related items through mass market outlets.

RETAILING FLORIST CROPS THROUGH MAS MECHANDISING OUTLETS
IN FOUR WESTERN METROPOLITAN AREAS

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INTRODUCTION

The commercial floriculture industry, often called the sleeping giant of American agriculture, blossomed late in the sixties and early in the seventies. Today, the \$3.5-billion industry maintains a respected place among the various segments of the U.S. agriculture.

The industry has grown at a phenomenal rate during the past 15 years, and this rapid growth has been accompanied by major economic, physiological, technological, and sociological changes. These changes include shifts in production areas to California, Florida, and other warmer climates; the growth of imports, exports, and international trade; technological advances that have changed greenhouse management from mom-and-pop manual operations to large-scale, highly automated, highly scientific ventures; improvements in transportation technologies that permit the movement of plants and plant materials over the long distances in short periods of time; and many other changes in marketing technologies and practices.

One of the newest events in the commercial floriculture industry late in the sixties and early in the seventies was the sudden appearance of flowers and plants in mass market outlets on a year-round basis. For many years most supermarkets and variety stores sold a few potted plants at the major floral holidays, particularly Mother's Day and Easter, but the appearance of potted plants in these outlets on a daily basis was something new. And when the more progressive outlets began offering fresh flowers, plus more exotic items in addition to the durable foliage plants and potted chrysanthemums, the traditional florist industry became vitally interested.

To assess in at least a limited way what impacts these new floral outlets might have on the structure of the traditional florist industry, the Economic

Research Service (ERS) assumed the leadership for a study of the priorities and problems of marketing floricultural products through mass market outlets. The study was conducted in 11 Standard Metropolitan Statistical Areas (SMSA's) in cooperation with 4 land grant institutions. 1/ This report presents results of the surveys in four western U.S. cities analyzed by ERS. 2/ A summary report for the 11 cities will be released later.

Objectives

Specific objectives of the studies were to--

- Estimate the characteristics of the mass merchandising market on both a national and regional basis.
- Determine the types and sizes of firms mainly engaged in mass marketing floricultural products.
- Determine the current practices and problems of mass merchandisers, possibly as a basis for additional research on marketing florist crops.

Procedure

Oklahoma City, Phoenix, Portland, and Sacramento were studied by ERS. These cities were selected because they are comparable in size and displayed comparable growth rates. In addition, the total number of possible floral merchandisers to be interviewed in each city was within the physical and financial resources allocated to the project. The SMSA's were not selected to be representative of the census region within which the cities are located.

The study was conducted in two phases. First, all flower growers, traditional retail and wholesale florists, and possible mass merchandisers of flowers were contacted by mail. Possible mass merchandisers were considered as operating any food, drug, variety, department, discount, or hardware store. Lists of these stores were compiled from various industry and telephone

1/ A Standard Metropolitan Statistical Area (SMSA) is a county or group of contiguous counties (except in New England) which contains at least one central city of 50,000 inhabitants or more, or twin cities with a combined population of at least 50,000. In New England, towns and cities rather than counties are the units used in defining an SMSA.

2/ Other reports that have been released are "Retailing Florist Crops Through Mass Merchandising Outlets: Rochester, N.Y., and Hartford, Connecticut" Cornell Univ. AERES 75-8, June 1975; "Retailing Floral and Foliage Crops Through Mass Merchandising Outlets in Selected Metropolitan Areas: Birmingham, Ala., Memphis, Tenn., and Tampa--St. Petersburg, Fla.," FAAES Econ. Rpt. 80, Aug. 1976.

directories. Questionnaires were mailed to all firms on the lists, and appropriate telephone contacts were made with nonrespondents to insure the most complete coverage possible.

Personal interviews were conducted in each SMSA with the nonflorist outlet operators who sold flowers and plants valued at \$1,000 or more during 1973/74 and who wished to cooperate in the study. To obtain recent trends in each segment of the industry, the mail survey obtained data for the 1971/72 and the 1973/74 marketing years. The personal interviews with mass merchandisers obtained data for only 1973/74.

RESULTS

According to the Census of Business, the number of retail florists in the four cities increased from 297 in 1967 to 381 in 1972, and their sales increased from nearly \$16 million to more than \$28 million (table 1). Thus, sales increased approximately 15 percent per year during the 5-year period.

Firms cooperating in this survey reported that their total retail sales for all florist crops in the four cities, by all types of outlets, were \$8.2 million for the 1971/72 crop year and \$15.2 million for 1973/74, an increase of 88 percent (table 2). The total number of firms selling florist crops increased 31 percent--114 to 150 firms. The number of outlets increased almost 50 percent--430 to 642 firms. The increase in firms and the greater increase in outlets was mainly the result of an influx of mass merchants into the florist industry. Mass merchants reporting florist sales increased from 33 to 67 firms during the 2-year period, and the number of retail florists firms increased from 66 to 68. Grower and wholesaler retail outlets remained constant at 15 firms during the time period.

Table 1--Retail florists: Number of firms, sales volume, and percentage change from 1967 to 1972

SMSA 1/	Firms		Sales		Change	
	1967	1972	1967	1972	Firms	Sales
:						
:			<u>Number</u>		\$1,000	
:						
Oklahoma City:	67	95	3,049	6,777	42	122
Phoenix:	64	95	4,238	8,286	48	96
Portland:	103	115	5,544	8,517	12	54
Sacramento:	63	76	3,044	2/ 4,594	21	51
Total:	297	381	15,875	28,174	28	78
:						

1/ SMSA is defined in the text.

2/ Estimated.

Source: Census of Business, Retail Trade, 1972

Table 2--Retail sales of florist crops, by type of outlet 1/

Type of outlet	Firms	Outlets	Florist sales	Distribution of sales
	1971/72 : 1973/74	1971/72 : 1973/74	1971/72 : 1973/74	1971/72 : 1973/74
	Number	Dollars	Percent	Percent
Food stores:				
Large 2/	10	23	832,000	3,494,000
Small 3/	8	12	13,500	36,850
General merchandise	15	32	1,678,948	4,990,539
Subtotal	33	67	341	546
Retail florists	66	68	2,524,448	8,521,389
Other (growers retail)	15	15	78	5,366,360
Total.....	114	150	430	6,548,530

4-

1/ The cities are Oklahoma City, Phoenix, Portland, and Sacramento.

2/ Large grocery stores defined as having annual florist sales of more than \$5,000.

3/ Small grocery stores defined as having annual florist sales of \$5,000 or less.

4/ Less than 0.5 percent.

Total SalesSales By Type of Outlet

Although both mass merchants and retail florists experienced gains in dollar sales for the 2-year period, greater revenue increases were registered by the mass marketers. These revenue increases affected the market shares of the mass merchants and retail florists. The traditional florists' share of the total market dropped from two-thirds to nearly two-fifths during the 2-year period. The largest mass merchant increases were posted by large grocery stores. Their market share expanded from 10 to 23 percent during the 2 years. Gains also were posted by small grocery food stores and general merchandise retailers.

The limited steady growth in revenue by traditional florists and the dynamic growth in sales by the mass merchants indicates that floriculture markets are rapidly expanding. And mass merchants are capturing a larger segment of this new market than traditional florists. The additional exposure in mass merchant outlets and the increase in the number of firms and outlets offering a wide variety of horticultural crops indicate a high level of demand for these products.

Even though an overall growth in sales was evident, different growth patterns were observed in the four cities (app. tables 1-4). In particular, the Phoenix and Sacramento markets recorded above average sales growth. Larger grocery outlets and general merchandise stores quadrupled their sales in 1973/74 from their 1971/72 levels. In Oklahoma City and Portland, sales growth was less dramatic but still substantial.

Mass merchant sales were greatest in Portland, and retail florist sales were greatest in Sacramento. Revenue growth in all cities was influenced by the large increase in the number of establishments offering horticultural crops for sale. The largest concentration of retail florists was in Portland, with 20 firms having 26 outlets. Sacramento reported the highest number of mass marketers with 20 firms and 152 retail outlets associated with them.

Concurrently, the traditional florist experienced the most rapid erosion of their market share in Sacramento where it dropped from nearly 70 percent to 35 percent. Although this decline was substantial, a 16-percent gain in absolute dollar sales was realized by the florists in Sacramento. This trend is reflected in all of the cities studied--an increasing dollar gain in retail florist sales was accompanied by a decline in market share. Specifically, the four-city revenue gain averaged 22 percent, and the average market share loss of traditional florists was 23 percent.

In addition to retail sales by traditional florists and mass merchants, grower and wholesalers retail outlets accounted for a small part of total sales (2 to 4 percent). Retail sales by growers and wholesalers for the four cities appear to be decreasing. Fifteen firms with 18 outlets accounted for \$306,718 in sales in 1971/72, but this amount increased only marginally to \$320,891 in 1973/74. As a result of this slight increase at a time when other retailers were expanding rapidly, their market share dropped from 4 to 2 percent during the 2 years.

General merchandise stores averaged 67 and 59 percent of the mass merchant sales of florist products for 1971/72 and 1973/74, respectively (table 3). Table 3 summarizes the types of general merchandise stores and their shares of the market. Discount-department stores had nearly half of the florist sales of general merchandisers in 1971/72 and a third in 1973/74. Sales of all classes of mass merchandisers increased appreciably during the 2 years, but the percentage increases for department, variety, and hardware store sales reflect small sales in 1971/72 rather than absolute dollar gains. All types of general merchandise stores had larger increases in volume.

Table 3--Distribution of florist crop sales by general merchandise firms, by type of outlet

Type of outlet	1971/72		1973/74	
	1,000 dollars	Percent	1,000 dollars	Percent
Department store	28	2	742	15
Discount-department store	779	46	1,854	37
Variety store	10	1	102	2
Hardware	28	2	580	12
Other	834	49	1,713	34
Total	1,679	100	4,991	100

1/ Cities are Oklahoma City, Phoenix, Portland, and Sacramento.

In the four cities studied in 1971/72, 70 percent of the mass merchant sales were handled by firms that were part of the traditional retail or wholesale florist industry (table 4). That is, a retail or wholesale florist leased space or supplied the mass outlet with the floral crop. This picture changed dramatically during the 2 years. The traditional firms had large increases in sales, but the increases shown by the nonflorist firms were much larger. In 1973/74, nonflorist firms controlled 70 percent of the sales of florist crops in the mass market outlets.

Table 4--Distribution of florist crop sales through mass merchandise outlets, by type of ownership 1/

Type of ownership or control	1971/72	1973/74
		Percent
Retail and wholesale		
florists	70	30
Nonflorists	30	70

1/ Cities are Oklahoma City, Phoenix, Portland, and Sacramento.

Sales by Type of Crop

Between 1971/72 and 1973/74, total florist crop sales in all types of outlets in the four cities nearly doubled, and in every category sales increased nearly 50 percent or more (table 5). But there were some internal shifts in patterns of sales. For traditional florists, the proportion of potted plants sold declined from 22 to 20 percent. And the proportion of foliage plants rose from 26 to 28 percent. The proportions for other plants remained the same.

During the 2 years, mass merchandising firms indicated a shift in importance in sales of crop types. Potted flowering plants decreased as a percentage of the total, and the sale of foliage plants increased to account for nearly two-fifths of their business. Mass merchants reported that foliage plants and cut flowers ranked third in importance (15 percent). Most mass

Table 5--Retail sales of florist crops, by type of outlet and crop 1/

Type of outlet and crop	1971/72		1973/74	
	Retail sales		Retail sales	
	Dollars	Percent	Dollars	Percent
Retail florist:				
Cut flowers	2,730,144	48	3,304,059	48
Potted plants	1,256,150	22	1,424,617	20
Foliage plants	1,491,359	26	1,900,002	28
Bedding plants				
Flowering	146,518	3	172,996	3
Vegetable	48,807	1	67,747	1
Total	5,673,078	100	6,869,421	100
Mass outlets:				
Cut flowers	351,971	14	1,241,724	15
Potted plants	1,004,682	40	3,030,565	36
Foliage plants	767,482	30	3,211,909	38
Bedding plants				
Flowering	242,446	10	559,307	6
Vegetable	157,867	6	477,884	5
Total	2,524,448	100	8,521,389	100
Total:				
Cut flowers	3,082,115	37	4,545,783	30
Potted plants	2,260,932	28	4,455,182	29
Foliage plants	2,258,890	28	5,112,317	33
Bedding plants				
Flowering	388,914	4	732,303	5
Vegetable	206,675	3	545,631	3
Total	8,197,526	100	15,390,810	100

1/ Cities are Oklahoma City, Phoenix, Portland, and Sacramento.

merchants lacked facilities to care for cut flowers and gave this as a major reason for the minor emphasis on selling them. Lack of knowledge on how to handle cut flowers may also have been another factor.

Foliage plant sales increased by almost \$2.5 million during this period in mass markets, and these sales shifted from 30 to 38 percent of the market share. Cut flowers increased by less than a million dollars and from 14 to 15 percent of the total value of florist crop sold. Potted plant and bedding plant sales each declined in share of the market, even though sales increased by about 200 percent.

The main product of the traditional florists continued to be cut flowers. Nearly 50 percent of the florists' sales were derived from cut flowers. Foliage plants, although important, were clearly secondary. The share of the market by type of product for retail florists shifted only slightly, as foliage plants captured 2 percent more of the market and potted flowering plants lost 2 percent.

Although the mass merchants and traditional florists relied on different crops for most of their business sales, the pattern of growth for particular crops exhibited by the two types of outlets was similar for the composite four-city market. The market share of foliage plants increased from 26 to 28 percent for traditional florists, and mass merchandisers experienced a market share gain from 30 to 38 percent. Similarly, both types of outlets showed market share declines in potted flowering plants and bedding plants during the 2-years. Gross revenue for both traditional florists and mass merchandisers increased substantially, as indicated previously. For example, potted plant sales in mass outlets increased more than \$2 million in gross revenue, despite a 4-percent market share decline. Similarly, the retail florist increased sales of potted plants but realized a 2-percent market share decline.

Phoenix and Sacramento experienced the largest increases in foliage sales, both absolutely and relatively (app. tables 6 and 8). The mass merchandisers sold a smaller proportion of cut flowers in these two cities. In Oklahoma City, 64 percent of total reported sales of mass merchants were foliage plants. The retail florists' sales pattern in Oklahoma City was similar to the composite distribution of crops shown in appendix 5.

The mass marketers' sales growth in the Portland market followed the general pattern shown in appendix 7, with one exception--Portland experienced a rapid growth in cut flower sales. In gross revenue terms, cut flower sales exceeded those of foliage plant sales by \$34,000. A partial explanation of this may be the increased role of leased operations controlled by the traditional florists in Portland as compared to the other three markets.

These data indicate that sales of all crops in all cities are expanding rapidly. The sales increases of traditional florists are a continuation of traditional selling patterns with only marginal market share increases in foliage sales. The mass merchants are expanding sales at a rate 2.2 times greater than the florists; their 1973/74 total reported revenue was four times the 1971/72 level.

Retail Florists' Opinions of the Impacts
Of Mass Market Sales

The traditional retail outlet for florist crops has been the highly service-oriented retail florist shop, which specializes in serving the special occasion floral needs of consumers. That is, the prices set by retail florists reflect art, labor, and other services in addition to the quantity of flowers offered.

The mail questionnaire to retail florists attempted to determine their opinions of the possible threat of mass merchandisers to traditional retail florist sales. Their responses are outlined in the following paragraphs.

More than three-fourths of the retail florists believed that sales growth by mass outlets would either have no effect or would in fact increase their own sales volume. Indeed, as indicated in table 6, absolute volume figures for total reported sales for florists increased 22 percent from 1971/72 to 1973/74.

Thirty percent of the respondents believed potted plants sales would be most affected downward by the competitive pressures exerted by the mass merchants (table 6). This opinion is verified by the 2-percent market share loss experienced by the florists (table 5). But, the potted flowering plant business of mass merchants did not correspondingly rise 2 percent. In fact, the mass merchants experienced a market share decline--4 percent--greater than the loss reported by the retail florists. Traditional florists believed bedding plants, both vegetable and flowering, would be the crop least affected, given the fact that few florists handle bedding plants.

Foliage plant sales were believed to be on the upswing, and the increased demand level would benefit the traditional florist as well as the mass merchant. Of the florists who responded, 39 percent thought their sales would increase as a direct result of the mass merchants offering foliage plants for sale.

Fifty percent of the florists also believed that mass marketing would have no effect on their cut flower sales. This belief is based on two assumptions, first, few mass merchants offer cut flowers. And second, the cut flower market has two distinct segments. The mass merchant appeals to the impulse buyer who is willing to purchase an inexpensive gift or own-use item. The traditional florist caters to the special occasion buyer who is less sensitive to price and who needs the art and services of the traditional florist shop.

Two other questions designed to test the actual and perceived impact of mass merchandising on retail florist business are summarized in table 7. Retail florists were asked what affect the sales by mass outlets in the SMSA had on total sales during the preceding 3 years and what affect did they think sales would have in the following 3 years. Of those responding to both questions, 54 percent believed that there had been no effect from mass merchandising during the past 3 years. And 25 percent believed that competition had decreased their sales. Contrasting those figures with figures perceived for 3 years in the future, 43 percent believed they would not be affected, and 37 percent believed that sales would decrease because of the

Table 6--Retail florists' opinions of the effect of mass marketing, by city and crop, 1973/74

City and crop	Nature of reported impact on sales		
	Increase	No effect	Decrease
	<u>Percent</u>		
Oklahoma City:			
Cut flowers	20	60	20
Potted	20	60	20
Foliage	60	40	0
Bedding	33	33	34
Phoenix:			
Cut flowers	43	43	14
Potted	33	33	34
Foliage	20	60	20
Bedding	10	100	0
Portland:			
Cut flowers	14	72	14
Potted	14	72	14
Foliage	29	57	14
Bedding	0	100	0
Sacramento:			
Cut flowers	40	20	40
Potted	50	0	50
Foliage	50	0	50
Bedding	0	0	0
All Cities:			
Cut flowers	29	50	21
Potted	29	42	29
Foliage	39	39	22
Bedding	22	56	22

resulting competition from mass merchants. In addition, 21 percent believed that in 3 years the net effect of mass merchandising had resulted in increased sales levels for their operations. Also, about 20 percent of the respondents believed that the impact of increased mass merchandising was complementary to their business rather than competitive.

In conclusion, most florists welcome mass marketers to the florist industry. Informal questioning of some retail florists elicited several possible explanations for this ready acceptance of competition. First, florists believed that they would benefit because of a "spillover" effect; that is, the additional exposure of florist crops by more outlets would increase overall consumption levels. As overall sales increase, the florist

Table 7--Retail florists' opinions of the effect of mass market outlets on florist crop sales, by city, 1973/74

City	Nature of reported impact on sales		
	Increase	No effect	Decrease
	<u>Percent</u>		
Oklahoma City:			
Last 3 years	17	83	0
Next 3 years	17	83	0
Phoenix:			
Last 3 years	0	57	43
Next 3 years	0	43	57
Portland:			
Last 3 years	28	72	0
Next 3 years	22	45	33
Sacramento:			
Last 3 years	38	12	50
Next 3 years	38	12	50
Total:			
Last 3 years	21	54	25
Next 3 years	20	43	37

would eventually receive his share of this new market. Second, the florists believed that they had a superior product, which had been given better care, than the mass merchants. Consumers would recognize the superiority of the product offered by the florists and would turn to the traditional florist after a "flirtation" with the low-price, low-quality mass market products. Third, some florists believed that most of the mass marketer's sales were not made at their expense but rather represented a previously untapped market segment. Growth in the florist industry was sufficient to accommodate this additional competition without serious repercussions for the traditional florist.

Local Suppliers' Opinions of the Impacts of Mass Market Sales

The mail questionnaires also attempted to determine the impacts of the new mass merchandising outlets on the local suppliers (growers and grower/wholesalers). 3/ Had the mass market outlets increased the demand for locally grown products, or had the demand changed for different types of crops?

3/ A local grower or grower-wholesaler is one whose production facilities are located within the SMSA.

Table 8--Sales of florist crops by type of local supplier and
and by city

Year, city, and type of supplier	Cut flowers	Potted plants	Foliage plants	Bedding plants	
				Flower	Vegetable
<u>Dollars</u>					
1971/72:					
Oklahoma City:					
Grower and grower whole- saler	33,800	254,212	32,950	53,120	15,920
Wholesaler	1,374,814	409,642	259,152	0	0
Total	1,408,614	663,854	292,102	53,120	15,920
Phoenix:					
Grower and grower whole- saler	29,160	24,050	9,535	4,690	5,565
Wholesaler	706,000	388,000	48,000	4,000	4,000
Total	735,160	412,050	57,535	8,690	9,565
Portland:					
Grower and grower whole- saler	70,554	1,161,144	446,246	271,021	73,473
Wholesaler	633,531	141,531	105,531	93,531	93,531
Total	704,085	1,302,675	364,552	364,552	167,004
Sacramento:					
Grower and grower whole- saler	0	0	0	0	0
Wholesaler	450,000	7,500	7,500	0	0
Total	450,000	7,500	7,500	0	0
:					
1973/74:					
Oklahoma City:					
Grower and grower whole- saler	45,500	284,507	90,552	70,575	22,475
Wholesaler	1,470,119	390,074	171,440	0	0
Total	1,515,619	675,181	261,992	70,575	22,475
Phoenix:					
Grower and grower whole- saler	40,000	7,779	11,724	4,434	8,034
Wholesaler	849,500	482,500	60,000	5,000	5,000
Total	889,500	490,279	71,724	9,434	13,034
Portland:					
Grower and grower whole- saler	80,097	1,542,915	653,076	299,751	92,225
Wholesaler	683,357	158,357	228,357	123,357	123,356
Total	763,454	1,701,272	881,433	423,108	215,581
Sacramento:					
Grower and grower whole- saler	0	0	0	0	0
Wholesaler	459,750	8,500	12,750	0	0
Total	459,750	8,500	12,750	0	0
:					

Sales of florist crops by local suppliers are shown in table 8. Comparisons of supplier sales with those of the local mass merchandisers (table 8) suggest that cut flowers and potted flowering plants sold by retail florists and mass merchandisers were probably supplied by local growers; also, foliage plants were generally sent from suppliers located outside the SMSA. And, bedding plants were supplied by local firms in 1971/72, but outside suppliers became more important in 1973/74. Technologies for the mass production and transportation of bedding plants have been vastly improved in recent years.

During 1971-74, wholesale florists sold almost exclusively to retail florists (table 9). Grower-wholesalers sold approximately a fifth of their sales to mass merchandisers and about a third to other wholesalers and retailers. Grower-wholesalers also sold about 10 percent through their own retail outlets. Wholesalers seem to have been reluctant to enter into the mass merchandising market.

Table 9--Wholesaler and grower/wholesaler sales of florist crops, by type of outlet 1/

Type of outlet	Grower/wholesaler sales		Wholesaler sales	
	1971/72	1973/74	1971/72	1973/74
:				
:				
<u>Percent</u>				
Retail:				
Own	12	10	0	0
Other	35	34	91	89
Wholesaler	31	33	1	2
Mass merchandise	22	23	7	9
:				

1/ Cities are Oklahoma City, Phoenix, Portland, and Sacramento.

Mass Merchant Sales and Practices

Holiday Sales by Mass Outlets

Most mass market respondents reported handling cut flowers and potted plants during principal holiday periods. The highest percentage of holiday sales was recorded in the Phoenix and Portland markets. Oklahoma City was the least sensitive to holiday sales fluctuations. Sales were greatest at Christmas, Easter, and Mother's Day. Cut flowers and potted flowering plants were the most important holiday crops. Holidays had little influence on foliage plant sales. Bedding plant sales were sold only in the spring and summer.

In the cut flower market, Phoenix demonstrated the strongest holiday orientation with 62 percent of total sales concentrated in the five holiday periods. This pattern can be contrasted with the Oklahoma City market in which 90 percent of all cut flower sales occurred during nonholiday periods.

Table 10--Retail sales of florist crops during principal holidays, by city and crop, 1973/74

<u>City and crop</u>	<u>: Christmas Day</u>	<u>: Valentine's Day</u>	<u>: Easter Day</u>	<u>: Mother's Day</u>	<u>: Memorial Day</u>	<u>: Nonholiday Day</u>	<u>: Total sales</u>
							<u>Dollars</u>
Oklahoma City: 1/							
Potted plants	25,917	18,417	21,854	19,131	8,516	42,394	136,582
Foliage plants	8,428	7,377	24,598	26,531	23,438	292,442	382,814
Phoenix:							
Cut flowers	12,637	13,649	22,051	21,989	15,811	52,978	139,115
Potted Plants	75,731	34,838	69,251	72,529	38,300	277,975	568,624
Foliage plants	60,454	52,998	56,754	57,280	54,698	337,137	619,321
Portland:							
Cut flowers	117,957	40,754	107,668	42,409	140,541	329,961	779,290
Potted Plants	474,055	13,998	212,745	41,876	135,027	406,996	1,284,697
Foliage plants	23,255	14,620	17,120	16,684	16,803	657,399	745,881
Sacramento:							
Cut flowers	27,759	27,390	28,211	24,650	32,142	133,748	273,900
Potted Plants	180,500	20,895	130,800	129,500	29,990	511,500	1,003,185
Foliage plants	13,054	9,605	39,183	53,678	39,380	1,154,550	1,309,452

1/ Data for cut flowers in Oklahoma City are not available.

The flowering potted plant sales were more holiday-oriented than cut flower sales. In all cities a majority of potted plant sales occurred during the five holidays (table 10).

On the one hand, foliage plants in the Portland and Sacramento markets sold well throughout the year, and increased sales during holidays were only marginal. On the other hand, Phoenix sold half of its foliage during the holidays with no single holiday clearly dominant. In addition, the data indicates that in total there is little correlation between foliage plant sales and principal holiday periods.

Sales by Day of the Week

Weekend sales of florist crops were clearly dominant for most mass merchants in the four cities studied (table 11). Nearly two-thirds of total

Table 11--Sales of florist crops by mass merchandisers, by city and day of week, 1973/74

City and day of week	Dollars	Percent
Oklahoma City:		
Friday	137,202	23
Saturday	155,098	26
Sunday	89,480	15
Monday through Thursday	<u>214,751</u>	<u>36</u>
Total	<u>596,531</u>	<u>100</u>
Phoenix:		
Friday	358,983	23
Saturday	525,260	33
Sunday	139,606	9
Monday through Thursday	<u>554,764</u>	<u>35</u>
Total	<u>1,578,613</u>	<u>100</u>
Portland:		
Friday	716,446	22
Saturday	723,165	23
Sunday	661,030	21
Monday through Thursday	<u>1,100,979</u>	<u>34</u>
Total	<u>3,201,620</u>	<u>100</u>
Sacramento:		
Friday	604,496	19
Saturday	892,023	28
Sunday	445,529	15
Monday through Thursday	<u>1,202,577</u>	<u>38</u>
Total	<u>3,144,625</u>	<u>100</u>

sales were reported on Friday, Saturday, and Sunday. Saturday was the largest single volume day, and it was preceded by a brisk Friday evening business volume. Grocery or general merchandise sales or both were also greatest during that period. The Monday through Thursday period was more important for the downtown outlets whose customers are mostly workers in local offices.

Little variation was noted in the daily sales distribution for the individual cities. Approximately half of the reported weekly sales were on Friday and Saturday. Sunday sales were scant, because few large-volume firms reported Sunday openings.

In addition, little difference was noted in daily sales distribution according to type of outlet. Grocery and general merchandise outlets reported strong Saturday sales with Friday nearly as important.

Methods of Procurement

Outright purchases was the predominant method of procuring florist supplies by mass merchants in the four cities surveyed (table 12). Sixty percent of potted flowering plants, 75 percent of foliage, and 94 percent of bedding plants were purchased outright. This method was less important for cut flowers--about 69 percent were procured through leased agreements, and only 30 percent were purchased outright. The reliance of mass merchants upon outright purchase procedures was expected; the large proportion of florist crops sold through leased operations was not. Only in bedding plant sales were leased operations insignificant. Otherwise, leased methods accounted for 17 percent of foliage sales and ranged to a high of 69 percent for cut flowers. In most cases, the lessee was a local retail florist who ordered and maintained the leasor's florist crops in return for a percentage of the gross volume. Most merchants indicated that they were quite happy with this arrangement but would eventually operate these departments themselves in 2 to 5 years.

The consignment method was relatively unimportant to the marketers, except for selected crops in the Portland market. Portland was the only city in which the consignment method exceeded 10 percent of total procurement.

Suppliers

Most mass outlets in the four city market were supplied by growers and wholesalers located within a 50-mile radius of the retailer's outlet (table 13). An exception to this generalization was the cut flower market. The immediate suppliers of cut flowers were more than 50 miles away, mainly in California. Data are not sufficient to permit differentiation of suppliers as wholesalers or growers, but the immediate suppliers' locations were not necessarily the same as that of the production source. No attempt was made to determine the location of production.

Mass outlets in Oklahoma City generally purchased cut flowers from California with standard mums and roses equally split between local sources and California. Phoenix outlets followed patterns similar to those in

Table 12--Methods of procuring florist crops used by mass merchandisers, by city and crop, 1973/74 1/

City and crop	Method of procurement				
	Outright		Consignment	Leased	Total
	purchase	operation			
:					
<u>Dollars</u>					
Oklahoma City:					
Cut flowers	NA	0	NA	NA	
Potted	134,969	1,613	NA	136,582	
Foliage	383,064	0	NA	383,064	
Bedding	50,691	0	0	50,691	
:					
Phoenix:					
Cut flowers	162,090	0	NA	162,090	
Potted	606,351	0	NA	606,351	
Foliage	773,918	0	NA	773,918	
Bedding	36,660	0	0	36,660	
:					
Portland:					
Cut flowers	779,290	0	NA	779,290	
Potted	1,170,695	114,002	NA	1,284,697	
Foliage	517,879	228,002	NA	745,881	
Bedding	353,745	38,007	0	391,752	
:					
Sacramento:					
Cut flowers	262,980	10,920	NA	273,900	
Potted	984,369	18,816	NA	1,003,185	
Foliage	1,292,652	16,800	0	1,309,452	
Bedding	530,184	27,904	0	558,088	
:					
Summary:					
Cut flowers	375,209	10,920	829,151	1,215,280	
Potted	1,000,000	134,431	1,069,360	3,030,815	
Foliage	2,393,648	244,802	573,865	3,212,315	
Bedding	971,280	65,911	0	1,037,191	
:					

1/ Data on leased operations in individual cities combined with outright purchase to avoid disclosure of individual businesses.

NA means not available.

Oklahoma City, California, Washington, and Arizona (more than 50 miles from Phoenix) were the main suppliers. Glads, pompons, and carnations in the Sacramento market were purchased from local sources. Mass merchandisers in Portland purchased most of their cut flower supplies from sources within 50 miles. Mums (standard and pompon) and roses were the leading locally supplied crops.

Table 13--Location of immediate suppliers of florist crops, by crop and type of product, 1973/74 1/

Crop and type of product	Within 50 miles	Location of immediate supplier in relation to buyer				
		More than 50 miles	Kansas	Oklahoma	Missouri	Florida
<u>Percent</u>						
Cut flowers:						
Carnations	40	54	1	--	--	--
Standard mums	50	47	1	--	--	--
Pompon mums	34	63	1	--	--	--
Roses	39	59	--	--	--	--
Gladioli	31	55	14	--	--	--
Daisies	37	63	--	--	--	--
Daffodils	25	38	--	--	--	--
Other (mixed)	58	42	--	--	--	--
Flowering potted plants:						
Standard mums	54	34	--	2	2	4
Poinsettias	60	28	1	2	2	--
Geraniums	63	27	--	2	3	5
Lilies	49	42	--	2	2	5
Azaleas	60	35	--	2	2	--
Other	66	33	--	--	1	--
Foliage plants.....	58	38	--	--	1	--
Bedding	92	6	--	--	1	--

1/ Dashes mean that no products were supplied.

Nearly three-fifths of the flowering potted plants were acquired locally. Poinsettias and azaleas recorded the highest proportion. Distant suppliers were geographically more diverse than the cut flower suppliers, but California remained the major nonlocal supplier. Lilies and standard mums were the main crops supplied by California. Six percent of the poinsettia supply was supplied by Texas, and 5 percent of the geranium and lily supply was provided by Kansas.

Mass outlets reported that most foliage plants were provided locally, although a third came from California. The adequate local supply precluded their having to purchase from distant suppliers, and only large chain outlets in isolated instances did so. Approximately 90 percent of the bedding plants were supplied locally, except for the Oklahoma City market. A fifth of the bedding plants in Oklahoma City came from Kansas. This may be due to the fact that Oklahoma City recorded the lowest number of growers in the four city market, and that more plentiful supplies were available through wholesalers and the Kansas area.

Receiving

Delivery patterns and practices in delivering florist crops to mass merchandising outlets were influenced by the facilities of the firm and by the type of crop. In terms of total volume, 94 percent of the cut flowers were delivered by the supplier to a central warehouse from which they were routed to the various outlets (table 14). The tendency was less pronounced for potted flowering plants, but nevertheless, more than 60 percent of the volume was warehoused before final delivery. However, this pattern was reversed for foliage and bedding plants; most of these crops were shipped directly to the retail outlets.

Merchants in Phoenix and Oklahoma City warehoused their florist crops more than did merchants in the other two cities. These areas had concentrations of large grocery, discount, and hardware chainstores, and they relied heavily on warehousing facilities.

Advertising Expenditures

Mass merchandisers advertised their florist crops in conjunction with other merchandise. Food stores usually featured a potted flowering or foliage plant in their weekly 2-page spread in the food section. General merchandise and variety stores advertised generally in the Friday or Saturday newspapers. Respondents to the survey were unable to specify the proportion of total advertising expenditures spent on advertising floral products.

It appears that 98 percent of the advertising of florist crops by mass merchandisers is done in regular daily newspapers or newspaper supplements (table 15). Minor amounts were spent for advertising on radio, television, mailers, and window displays.

Table 14--Product value by method of delivery to mass merchandise outlet, by city and crop, 1973/74 1/

City and type of product	Direct to store	Through store warehouse	Own firm	Hired trucker	Grower or wholesaler					
					Within 50 miles	More than 50 miles				
<u>Dollars</u>										
Oklahoma City:										
Cut flowers ..	NA	NA	NA	NA	NA	NA				
Potted	26,430	88,450	560	44,666	19,460	50,194				
Foliage	35,714	180,015	1,680	55,498	38,939	119,612				
Bedding	14,452	36,239	3,310	1,256	29,296	16,829				
:										
Phoenix:										
Cut flowers ..	17,975	144,115	122,250	21,250	17,975	0				
Potted	137,913	467,838	148,688	268,375	74,600	114,088				
Foliage	413,760	360,158	275,158	86,875	203,640	208,245				
Bedding	15,110	21,550	300	0	7,00	29,160				
:										
Portland:										
Cut flowers ..	3,950	60,000	1,160	774	1,320	60,720				
Potted	104,436	120,000	8,748	48,273	80,655	60,000				
Foliage	234,185	0	516	23,803	172,609	37,500				
Bedding	317,907	0	28,476	15,792	257,235	22,500				
:										
Sacramento:										
Cut flowers....	7,250	243,400	196,560	0	31,500	26,170				
Potted	227,190	124,140	37,038	0	158,262	245,530				
Foliage	653,100	192,726	52,408	2,047	401,720	407,802				
Bedding	273,260	54,206	18,344	226	260,898	71,468				
:										

1/ NA means not available.

Table 15--Annual advertising expenditures of mass merchandisers for florist crops, by type of firm, 1973/74 1/

Type of firm	Newspaper	Mass media	Mailers	Other	Total
:	:	:	:	:	:
<u>Dollars</u>					
Food firms:					
Small	300	0	0	0	300
Large	5,675	125	0	0	5,800
:					
General merchandise	271,445	0	5,210	625	277,286
:					
Total	277,420	125	5,210	625	283,386
:					

1/ Cities are Oklahoma City, Phoenix, Portland, and Sacramento.

2/ Other includes advertising on television, in programs of local clubs, and so forth.

Pricing Practices

All mass merchants indicated that a fixed markup over purchase cost was used to determine retail prices. The percentage of the markup, however, depended on such variables as the type of outlet, city, crop type, and shelf life of the crop.

General merchandisers reported higher markup percentages than the grocery outlets. Several factors may account for this--more services to the customer, higher fixed costs, lower inventory turnover, or a higher percentage of markdowns and throwaways.

The markup percentages reported in each city vary widely. The range was from 32 percent to more than 100 percent, and the norm was approximately 40 percent. The averages in table 16 also indicate a range of markups for various crop types. Informal discussions with retailers revealed that different markups were applied for different types of crops. Cut flowers received the highest markup--from 38 percent to more than 100 percent. Potted flowering and foliage plants averaged about 38 percent. In all cities, except Portland, bedding plants were a low markup-high volume item which represented a very small percentage of total sales. Discount stores and small grocery outlets usually carried bedding plants and could operate profitably on this closer margin.

Although the merchants were mechanical in their application of a standard markup, they were quite flexible in their markdown policies. As the florist crops deteriorated in quality, managers had considerable latitude in determining the adjusted selling price. Few firms indicated that a systematic scheme was used to arrive at this price. The wide degree of flexibility had

Table 16--Percentage markups used by mass merchandisers for florist crops, by city and crop, 1973/74 1/

City and crop	Large grocery	Small grocery	General merchandise	All outlets
<u>Percent</u>				
Oklahoma City:				
Cut flowers	NA	0	NA	NA
Potted	45	31	243	129
Foliage	30	27	302	193
Bedding	30	23	38	35
All crops	32	31	284	184
Phoenix:				
Cut flowers	34	0	75	55
Potted	33	0	40	36
Foliage	33	0	47	40
Bedding	33	0	38	35
All crops	33	0	50	42
Portland:				
Cut flowers	41	46	0	41
Potted	36	9	25	35
Foliage	20	45	25	23
Bedding	25	6	26	33
All crops	31	37	27	32
Sacramento:				
Cut flowers	38	35	0	38
Potted	35	25	40	37
Foliage	35	0	35	35
Bedding	35	0	30	31
All crops	35	30	34	34

1/ NA means not available.

two effects: relatively few firms reported a high percentage of throwaways, and comparable products in different stores could be purchased at a wide range of prices, although the products may have initially had identical selling prices.

Losses

Losses of florist crops by mass merchandisers in the four cities were surprisingly low. Average losses in excess of 10 percent were expected. Losses resulted from initial poor quality upon delivery, improper care by store personnel, over-ordering, excessive customer handling, or several other causes encountered in mass market outlets. But most firms interviewed

reported losses of less than 5 percent, except in Portland where most firms reported losses of from 5 to less than 10 percent (table 17). Even these losses were considerably less than expected, however, and much lower than losses experienced early in the days of mass merchandising. As merchandising techniques improve and as mass merchandisers become better informed concerning the care and handling of florist crops, it is expected that losses will be further reduced below the 5-percent level.

Table 17--Losses of florist crops (based on total florist crop sales), by city and crop 1973/74

City and crop	: Less than 5 percent	: 5 to less than 10 percent	: 10 percent or more
<u>Number of firms</u>			
Oklahoma City:			
Cut flowers	1	0	1
Potted	8	4	2
Foliage	8	5	2
Bedding	3	3	2
Phoenix:			
Cut flowers	1	2	2
Potted	4	3	1
Foliage	3	2	0
Bedding	2	0	1
Portland:			
Cut flowers	5	6	2
Potted	4	7	3
Foliage	5	6	2
Bedding	5	5	3
Sacramento:			
Cut flowers	7	3	1
Potted	9	4	1
Foliage	10	4	1
Bedding	8	4	1

Consumer Services

On the one hand, traditional florists generally sold a "package" which, in addition to the basic floral and foliage material, included accessories, art, and services. Mass merchandisers, on the other hand, generally strived for high volume, quick turnover rates with minimum service.

Table 18--Services provided by mass merchandisers, 1973/74

Service	Oklahoma City:		Phoenix		Portland		Sacramento	
	Firms	Outlets	Firms	Outlets	Firms	Outlets	Firms	Outlets
	<u>Number</u>							
Packaging	7	56	5	67	3	14	3	13
Floral Arrangement:								
In-house	1	27	1	10	4	8	5	17
Take orders	0	0	0	0	0	0	4	19
Credit Sales	5	9	3	3	4	4	12	29
Delivery:								
Free	0	0	0	0	0	0	2	8
For fee	0	0	0	0	0	0	0	0
Display Care:								
Trained clerk in in caring for plants.....	4	50	6	38	3	10	5	14
Clerk has special training in selling plants	3	48	6	10	3	10	4	16
Other Services:								
Branded flowers..	3	3	3	23	1	1	8	8
Special care labels	4	75	5	34	4	34	7	40

Mass merchants in the study, however, offered several consumer services which helped to promote sales. The most frequent services cited were credit accounts for qualified customers (36 percent of the firms), labels attached to the product to promote proper care (30 percent), and special packaging of florist crops (27 percent of the firms) (table 18). Credit usually was through one of the national credit cards offered by the store. Credit generally was not offered by food stores. The labeling and special packaging were either furnished by the supplier or done in the warehouse.

Less than 10 percent of the outlets provided the services associated with traditional florists, such as floral arrangements or special orders. Delivery of floriculture products was almost nonexistent with only two firms in the four cities providing this service.

Most mass merchants did not hire special clerks with previous training in plant care, but they did instruct them once the individuals were hired. And most of the outlets had clerks with only limited plant knowledge. This conclusion is consistent with the mass merchant's philosophy that plant departments should be self-service oriented.

Portland, the city with the lowest ratio of total services to total outlets, had the highest sales volume. Conversely, Oklahoma City, which had the highest ratio, had the lowest sales volume.

Mass Merchants' Opinions and Observations

Mass merchandisers in the four cities were asked for their opinions on the advantages and disadvantages of selling ornamental crops and for their recommendations for improving marketing practices for the floral industry. Their replies are summarized in this section.

Mass merchandisers were generally indifferent to the establishment of grades and standards for florist crops (table 19). More than a third of all
 Table 19--Mass merchandisers' opinions on establishing industry-wide grade standards, by crop, 1973/74 1/

Crop	: Strongly agree	: Agree	: Neutral	: Disagree	: Strongly disagree
:					
:					
Percent					
Cut flowers	27	16	43	12	2
Potted plants	21	33	34	10	2
Foliage plants	21	32	34	10	3
Bedding plants	21	26	41	10	2
:					

1/ Cities are Oklahoma City, Phoenix, Portland, and Sacramento.

respondents said they were neutral or had no opinion. But, more than 20 percent strongly agreed that grades should be established, and about a third suggested grades would be desirable. Less than 15 percent thought that grades would not be desirable for florist crops.

A slightly stronger feeling was expressed about the greater need for industry standards for potted flowering plants and foliage plants than for cut flowers and bedding plants. Mass merchandisers had more experience in selling the first two items, and they could feel the need for grades and standards as an aid in buying and selling these products. They generally had less experience in selling cut flowers and bedding plants.

Mass marketers were also asked if they had noted any change in the quality of florist crops they had received in the preceding 5 years (table 20). The responses varied considerably among the cities and among florist crops. However, for all areas and for the four major crop categories, 40 to 50 percent of the respondents believed crop quality was the same in 1974 as in 1969. According to 33 to 45 percent, crop quality had been improved, the lower percent being for cut flowers. Only a small number of respondents--16 percent or less--believed crop quality had decreased during the 5 years.

Table 20--Mass merchandisers' opinions of changes in quality of florist crops during 1969-74 1/

Crop	Quality was --		
	Increasing	Same	Decreasing
Percent			
:			
Cut flowers	33	51	16
Potted plants	45	43	12
Foliage plants	43	41	16
Bedding plants	41	45	14
:			

1/ Cities are Oklahoma City, Phoenix, Portland, and Sacramento.

The variation was greater among cities (app. table 15). In Oklahoma City and Phoenix, 50 to 90 percent of the respondents believed florist crop quality had improved. Respondents in Portland and Sacramento were less sure that improvements had been made in quality.

The mass merchandising firms in the four cities were asked to rate the major advantages and disadvantages of selling florist crops. For the four cities combined, about 40 percent of the firms rated the increase in store traffic as being the major advantage (table 21). The mass merchandisers believed that floral and foliage products were not solely impulse items, but that these items also helped generate store traffic. Respondents believed that customers came to their stores specifically to buy flowers, plants, and related items.

Table 21--Mass merchandisers' ratings of the advantages of selling florist crops through mass outlets, by type of rating and outlet, 1973/74

Type of rating and outlet	Oklahoma City	Phoenix	Portland	Sacramento	Total
<u>Percent</u>					
Rated first by--					
:					
Large grocery:					
Increase traffic ...:	5	10	19	21	14
Attractive investment	18	18	19	5	14
Broader product line	12	0	0	0	3
Other	0	18	0	0	3
Small grocery:					
Increase traffic ...:	0	0	6	0	2
Attractive investment	18	0	13	0	8
Broader product line	12	0	6	5	6
Other	0	0	6	0	2
General merchandise:					
Increase traffic ...:	12	36	25	21	22
Attractive investment	0	9	6	21	11
Broader product line	18	9	0	10	10
Other	5	0	0	17	5
	: 100	100	100	100	100
Rated second by--					
:					
Large grocery:					
Increase traffic ...:	6	0	16	0	6
Attractive investment	12	0	0	7	6
Broader product line	18	23	15	21	18
Other	0	11	15	0	6
Small grocery:					
Increase traffic ...:	12	0	8	7	6
Attractive investment	5	0	8	0	6
Broader product line	12	0	15	0	8
Other	0	0	0	0	0
General merchandise:					
Increase traffic ...:	18	11	0	21	13
Attractive investment	5	33	23	0	13
Broader product line	12	22	0	44	18
Other	0	0	0	0	0
	: 100	100	100	100	100

Table 22--Mass merchandisers' ratings of the disadvantages of selling florist crops through mass outlets, by type of rating and outlet, 1973/74

Type of rating and outlet	Oklahoma City	Phoenix	Portland	Sacramento	Total
	<u>Percent</u>				
Rated first by--	:				
Large grocery:	:				
Product requires special care	18	40	27	6	20
Lack of trained management	12	0	13	0	7
Other	6	20	0	13	9
Small grocery:	:				
Product requires special care	24	0	8	6	16
Lack of trained management	0	0	33	0	0
Limited supply	6	0	0	0	2
General merchandise:	:				
Product requires special care	28	30	8	50	32
Lack of trained management	6	0	17	25	9
Limited supply	0	10	0	0	2
Limited market	0	0	0	0	2
Other	0	0	0	0	1
Total	100	100	100	100	100
Rated second by--	:				
Large grocery:	:				
Product requires special care	19	0	17	17	15
Lack of trained management	13	20	17	0	13
Other	0	20	0	0	3
Small grocery:	:				
Product requires special care	0	0	8	0	3
Lack of trained management	31	0	33	17	25
Limited supply	0	0	0	0	0
General merchandise:	:				
Product requires special care	0	20	8	16	8
Lack of trained management	25	20	17	50	25
Limited supply	0	0	0	0	0
Limited market	6	20	0	0	5
Other	0	0	0	0	0
Total	100	100	100	100	100

Two other advantages of handling florist crops were "attractive return on investment" and "broader product base." Return on investment was rated first by 30 percent of the respondents and second by an additional 25 percent. "Broader product base" was rated second by slightly less than half. These were probably the firms which reported that their customers had asked for florist crops.

Most of the respondents (68 percent) considered the special care involved in handling florist crops to be a major disadvantage (table 22). Another major disadvantage to nearly a third of them was the lack of adequately trained management personnel to supervise the care and handling of florist crops in the store.

The fruit and vegetable industry has recognized this urgent need for trained personnel in selling florist crops. The two major associations--the Produce Marketing Association and the United Fresh Fruit and Vegetable Association--have taken the lead in organizing floral divisions within the Associations, organizing symposia and workshops, and regularly issuing plant identification and care instructions.

CONCLUSIONS

Results of this study indicate that in 1973/74 mass merchandisers were bullish about marketing florist crops, and they looked forward to continued growth in the years ahead. As in most new enterprises, several problems had been encountered. These problems included:

- Lack of information on the identification and care of plants.
- Lack of trained personnel for selling florist crops.
- Some problems with the quality of plants received.
- Minor problems with transporting and warehousing these perishable commodities.

Plant identification and care labels are a primary need of mass merchandisers. Space for prices on these labels would be advantageous, since mass merchandisers considered that price labeling was essential for all items.

The survey also indicated that the mass market is a complementary market rather than a competitive market with the traditional retail florists. Consumers welcome the opportunity to purchase foliage and potted plants and accessories at convenient locations. But they will continue to patronize the traditional florist for special occasion and gift items.

Appendix Table 1--Retail sales of florist crops, by type of outlet, Oklahoma City

Type of outlet	Reporting firms 1971/72 : 1973/74	Reporting outlets 1971/72 : 1973/74	Total florist sales 1971/72 : 1973/74	Distribution of sales 1971/72 : 1973/74
	Number	Number	Dollars	Percent
Food stores:				
Large 1/	3	6	75	118
Small 2/	6	6	8	10
General merchandise	44	4	11	12
Subtotal	13	16	94	140
Retail florists	18	18	18	18
Others (growers retail)	3	3	3	3
Total	34	37	115	161

1/ Large food stores had annual florist sales of more than \$5,000
 2/ Small food stores had annual florist sales of \$5,000 or less.

Appendix Table 2--Retail sales of florist crops, by type of outlet, Phoenix

Type of outlet	Reporting firms	Report outlets	Total florist sales		Distribution of sales 1971/72 : 1973/74	1971/72 : 1973/74	1971/72 : 1973/74
			Number	Dollars			
Food stores:							
Large 1/	2/	6	2/	113	2/	641,000	24.0
Small 3/	0	0	0	0	0	0	0
General merchandise	5	7	38	281,737	937,613	23.1	34.0
Subtotal	5	13	151	281,737	1,578,613	23.1	58.0
Retail florists	15	15	17	865,382	1,090,707	71.0	39.8
Others (growers retail)	3	3	3	71,560	68,159	5.9	2.2
Total	23	31	95	173	1,218,679	2,737,479	100.0
							100.0

1/ Large food stores defined as having annual florist sales of more than \$5,000.

2/ Included with general merchandise to avoid disclosure.

3/ Small food stores defined as having annual florist sales of \$5,000 or less.

Appendix Table 3--Retail sales of florist crops, by type of outlet, Portland

Type of outlet	Reporting firms	Reporting outlet	Total florist sales	Distribution of sales
	1971/72	1973/74	1973/74	1971/72 : 1973/74
	Number	Number	Dollars	Percent
Food stores:				
Large 1/	6	6	51	77
Small 2/	3/	5	3/	5
General merchandise.	3	7	10	21
Subtotal	9	18	61	103
Retail florists	15	20	21	26
Others (growers retail)	9	9	12	12
Total	34	47	94	141

1/ Large food stores defined as having annual florist sales of more than \$5,000.

2/ Small food stores defined as having annual florist sales of \$5,000 or less.

3/ Included with large food stores to avoid disclosure.

4/ Less than 1 percent.

Appendix Table 4--Retail sales of florist crops, by type of outlet, Sacramento

Type of outlet	Reporting firms 1971/72 : 1973/74	Reporting outlets 1971/72 : 1973/74	Total florist sales: 1971/72 : 1973/74	Distribution of sales: 1971/72 : 1973/74
	Number	Number	Dollars	Percent
Food stores:				
Large 1/	2/	6	125	2/ 1,952,050
Small 3/	0	4/ 0	4/ 0	4/ 0
General merchandise .	6	14	111	596,689 1,192,575
Subtotal	6	20	111	596,689 3,144,625
Retail florists	15	15	15	1,661,449 1,922,117
Other (growers retail)	0	0	0	0 0
Total	21	35	126 167	2,258,138 5,066,742 100 100

1/ Large food stores defined as having florist crop sales of more than \$5,000.

2/ Included with general merchandise to avoid disclosure.

3/ Small food stores defined as having florist crop sales of \$5,000 or less.

4/ Included with large food stores to avoid disclosure.

Appendix table 5--Retail sales of florist crops, by type of outlet and crop,
Oklahoma City

Type of outlet and crop	1971/72		1973/74	
	Retail		Retail	
	sales	Percent	sales	Percent
	<u>Dollars</u>		<u>Dollars</u>	
Retail florist, retail growers and retail sales of wholesalers:				
Cut flowers	783,714	50	854,509	48
Potted plants	454,404	29	488,187	28
Foliage plants	202,061	13	277,954	16
Bedding plants:				
Flowering	115,883	7	126,953	7
Vegetable	23,167	1	24,703	1
Total	1,579,229	100	1,772,206	100
Mass outlets:				
Cut flowers	1/ NA	NA	NA	NA
Potted plants	105,977	32	162,776	27
Foliage plants	191,984	59	383,064	64
Bedding plants:				
Flowering	10,372	3	22,388	4
Vegetable	17,040	5	28,303	5
Total	325,373	100	596,531	100
Total:				
Cut flowers	783,714	41	854,509	37
Potted plants	560,381	29	650,863	27
Foliage plants	394,094	21	661,018	28
Bedding plants:				
Flowering	126,205	7	149,341	6
Vegetable	40,208	2	53,006	2
Total	1,904,602	100	2,368,737	100
	:			

1/ Sales of cut flowers were combined with sales of potted plants to avoid disclosing individual business information.

NA means not available.

Appendix table 6--Retail sales of florist crops, by type of outlet and crop,
Phoenix

Type of outlet and crop	1971/72		1973/74	
	Retail sales	Percent	Retail sales	Percent
	Dollars		Dollars	
Retail florist, retail growers and retail sales				
of wholesalers:				
Cut flowers	625,529	66.8	772,647	66.7
Potted plants	153,199	16.3	166,043	14.3
Foliage plants	132,959	14.2	188,708	16.3
Bedding plants:				
Flowering	12,190	1.3	13,934	1.2
Vegetable	13,065	1.4	17,534	1.5
Total	936,942	100.0	1,158,866	100.0
Mass outlets:				
Cut flowers	50,385	17.9	162,090	10.3
Potted plants	114,554	40.6	606,351	38.4
Foliage plants	103,858	36.9	773,512	49.0
Bedding plants:				
Flowering	7,010	2.5	16,800	1.1
Vegetable	5,930	2.1	19,560	1.2
Total	281,737	100.0	1,578,613	100.0
Total:				
Cut flowers	675,914	55.5	934,737	34.1
Potted plants	267,753	21.9	772,394	28.2
Foliage plants	236,817	19.4	962,626	35.2
Bedding plants:				
Flowering	19,200	1.1	30,734	1.1
Vegetable	13,995	1.6	37,394	1.4
Total	1,218,679	100.0	2,737,479	100.0
:				

Appendix table 7--Retail sales of florist crops, by type of outlet and crop,
Portland

Type of outlet and crop	1971/72		1973/74	
	Retail sales		Retail sales	
	Dollars	Percent	Dollars	Percent
Retail florist, retail growers and retail sales				
of wholesalers:				
Cut flowers	852,422	56	1,180,803	59
Potted plants	390,536	26	479,820	24
Foliage plants	228,166	16	307,440	15
Bedding plants:				
Flowering	13,777	1	25,163	1
Vegetable	10,557	1	23,006	1
Total	1,495,458	100	2,016,232	100
Mass outlets:				
Cut flowers	284,219	22	779,290	24
Potted plants	556,120	42	1,284,697	40
Foliage plants	278,187	21	745,881	23
Bedding plants:				
Flowering	138,599	10	235,020	8
Vegetable	63,524	5	156,732	5
Total	1,320,649	100	3,201,620	100
Total:				
Cut flowers	1,136,641	40	1,960,093	38
Potted plants	946,656	34	1,764,517	34
Foliage plants	506,353	18	1,053,321	20
Bedding plants:				
Flowering	152,376	5	260,183	5
Vegetable	74,081	3	179,738	3
Total	2,816,107	100	5,217,852	100

Appendix table 8--Retail sales of florist crops, by type of outlet and crop,
Sacramento

Type of outlet and crop	1971/72		1973/74	
	Retail sales	Percent	Retail sales	Percent
	Dollars		Dollars	
Retail florist, retail growers and retail sales				
of wholesalers:				
Cut flowers	468,479	28.2	496,200	25.8
Potted plants	258,111	15.5	290,567	15.1
Foliage plants	928,173	55.9	1,125,900	58.6
Bedding plants:				
Flowering	4,668	.3	6,946	.4
Vegetable	2,018	.1	2,504	.1
Total	<u>1,661,449</u>	<u>100.0</u>	<u>1,922,117</u>	<u>100.0</u>
Mass outlets:				
Cut flowers	1/ NA	NA	273,900	8.7
Potted plants	245,398	41.1	1,003,185	31.9
Foliage plants	193,453	32.4	1,309,452	41.7
Bedding plants:				
Flowering	86,465	14.5	285,099	9.0
Vegetable	71,373	12.0	272,989	8.7
Total	<u>596,689</u>	<u>100.0</u>	<u>3,144,625</u>	<u>100.0</u>
Total:				
Cut flowers	468,479	20.7	770,100	15.2
Potted plants	503,509	22.3	1,293,752	25.5
Foliage plants	1,121,626	49.7	2,435,352	48.1
Bedding plants:				
Flowering	91,133	4.0	292,045	5.8
Vegetable	73,391	3.2	275,593	5.4
Total	<u>2,258,138</u>	<u>100.0</u>	<u>5,066,742</u>	<u>100.0</u>

1/ NA means not available.

Appendix table 9--Supplier sales of florist crops, by city, year, and type of customer

City, year, and type of customer	Retailer		Wholesaler	Mass merchan- dizers	Total
	Own	Other			
<u>Dollars</u>					
Oklahoma City:					
1971/72					
Grower and grower					
wholesaler	138,250	137,791	84,490	29,470	390,001
Wholesaler	0	1,796,764	8,940	237,904	2,043,608
Total	138,250	1,934,555	93,430	267,374	2,433,609
1973/74					
Grower and grower					
wholesaler	121,500	206,032	123,855	62,222	513,609
Wholesaler	0	1,723,324	6,964	301,935	2,032,223
Total	121,500	1,929,356	130,819	364,157	2,545,832
Phoenix:					
1971/72					
Grower and grower					
wholesaler	71,560	0	1,447	0	73,007
Wholesaler	0	1,076,134	9,973	63,893	1,150,000
Total	71,560	1,076,134	11,420	63,893	1,223,007
1973/74					
Grower and grower					
wholesaler	68,159	0	3,812	0	71,971
Wholesaler	0	1,272,767	11,246	117,987	1,402,000
Total	68,159	1,272,767	15,058	117,987	1,473,971
Portland:					
1971/72					
Grower and grower					
wholesaler	96,908	740,270	678,061	507,199	2,022,438
Wholesaler	0	947,656	30,000	90,000	1,067,656
Total	96,908	1,687,926	708,061	597,199	3,090,094
1973/74					
Grower and grower					
wholesaler	131,232	905,153	954,454	677,226	2,668,065
Wholesaler	0	1,211,784	70,000	35,000	1,316,784
Total	131,232	2,116,937	1,024,454	712,226	3,984,849
Sacramento:					
1971/72					
Grower and grower					
wholesaler	0	0	0	0	0
Wholesaler	0	465,000	0	0	465,000
Total	0	465,000	0	0	465,000
1973/74					
Grower and grower					
wholesaler	0	0	0	0	0
Wholesaler	0	459,750	0	21,250	481,000
Total	0	459,750	0	21,250	481,000

Appendix Table 10--Location of immediate suppliers of florist crops for Oklahoma City, by crop and type of product, 1973/74

Crop and type of product	Within : 50 miles :	Location of immediate supply							
		More than 50 miles							
		Percent							
Cut flowers:									
Carnations	--	100	--	--	--	--			
Standard mums	50	50	--	--	--	--			
Pompon mums	--	100	--	--	--	--			
Roses	50	50	--	--	--	--			
Gladioli	--	100	--	--	--	--			
Daisies	--	100	--	--	--	--			
Daffodils	--	--	--	--	--	--			
Other (mixes)	80	20	--	--	--	--			
Flowering potted plants:									
Standard mums	55	3	1	6	6	12			
Poinsettias	57	4	1	8	8	22			
Geraniums	58	5	1	9	9	18			
Lilies	58	5	1	9	9	18			
Azaleas	74	5	1	10	10	--			
Other	100	--	--	--	--	--			
Foliage	68	9	3	--	6	2			
Bedding	77	--	--	1	--	22			

Appendix Table 11--Location of immediate suppliers, of florist crops for Phoenix, by crop and type of product, 1973/74

Crop and type of product	Within		Location of immediate supply			Texas	Arizona
	50 miles	50 miles	California	Oklahoma	Wash.		
Percent							
Cut flowers:							
Carnations	50		33			--	17
Standard mums	33		67			--	--
Pompon mums	--		--			--	--
Roses	--		--			--	--
Gladioli	--		--			--	--
Daisies	60		40			--	--
Daffodils	--		50			50	--
Other (mixed)	--		100			--	--
Flowering potted plants:							
Standard mums	14		86			--	--
Poinsettias	36		64			--	--
Geraniums	20		80			--	--
Lilies	25		75			--	--
Azaleas	--		100			--	--
Other	--		100			--	--
Foliage	30		69			--	1
Bedding	64		24			11	--
						1	--

Appendix table 12--Location of immediate suppliers, of florist crops for
Portland, by crop and type of product, 1973/74

City and type of product	Within 50 miles	Location of immediate supply			Arizona	
		More than 50 miles				
		California	Florida	Oregon		
<u>Percent</u>						
Cut flowers:						
Carnations	57	36	4	--	--	
Standard mums	66	22	4	--	3	
Pompon mums	73	14	4	--	3	
Roses	62	30	--	4	--	
Gladioli	58	20	22	--	--	
Daisies	53	47	--	--	--	
Daffodils	66	34	--	--	--	
Others (mixed)	100	--	--	--	--	
Flowering potted plants:						
Standard mums	80	15	1	--	2	
Poinsettias	74	22	--	--	2	
Geraniums	100	--	--	--	--	
Lilies	55	45	--	--	--	
Azaleas	100	--	--	--	--	
Other	100	--	--	--	--	
Foliage	82	14	4	--	--	
Bedding	100	--	--	--	--	

Appendix Table 13--Location of immediate suppliers of florist crops for Sacramento, by crop and type of product, 1973/74

City and type of product	Within 50 miles	Location of immediate supply			Percent
		California	Florida	Oregon	
<u>Cut flowers:</u>					
Carnations	54	46	--	--	--
Standard mums	50	50	--	--	--
Pompon mums	63	37	--	--	--
Roses	45	55	--	--	--
Gladioli	67	--	33	--	--
Daisies	33	67	--	--	--
Daffodils	33	67	--	--	--
Other (mixed)	50	50	--	--	--
<u>Flowering potted plants:</u>					
Standard mums	68	32	--	--	3
Poinsettias	71	24	2	--	2
Geraniums	73	25	--	--	--
Lilies	58	42	--	--	--
Azaleas	66	33	--	--	1
Other	62	37	1	--	--
Foliage	59	41	--	--	--
Bedding	90	9	--	--	1

Appendix table 14--Mass merchants' opinions on establishing industry-wide
grade standards, by city and crops, 1973/74

City and crop	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
<u>Percent</u>					
:					
Oklahoma City:					
Cut flowers	29	14	57	0	0
Potted	12.5	75	12.5	0	0
Foliage	12.5	75	12.5	0	0
Bedding	8	59	33	0	0
:					
Phoenix:					
Cut flowers	15	8	69	8	0
Potted	15	8	69	8	0
Foliage	15	8	69	8	0
Bedding	15	8	69	8	0
:					
Portland:					
Cut flowers	31	8	23	38	0
Potted	27	13	27	33	0
Foliage	27	13	27	33	0
Bedding	27	13	27	33	0
:					
Sacramento:					
Cut flowers	31	31	31	0	7
Potted	29	29	36	0	6
Foliage	28	28	33	0	11
Bedding	28	28	38	0	6
:					

Appendix table 15--Mass merchants' opinions on quality of florist crops
during 1969-74, by city

City	Nature of reported impact		
	Increasing	Same	Decreasing
			<u>Percent</u>
Oklahoma City:			
Cut flowers	50	50	0
Potted	58	42	0
Foliage	42	42	16
Bedding	67	33	0
Phoenix:			
Cut flowers	75	12.5	12.5
Potted	92	8	0
Foliage	92	8	0
Bedding	78	22	0
Portland:			
Cut flowers	19	69	12
Potted	25	56	19
Foliage	33	47	20
Bedding	29	50	21
Sacramento:			
Cut flowers	24	52	24
Potted	21	58	21
Foliage	21	58	21
Bedding	24	64	12

